

USAID IN AFGHANISTAN:

# Partnership, Progress, Perseverance









**EXECUTIVE SUMMARY** 

# Afghanistan: Strengthening Toward Self-Reliance

After September 11, 2001, the United States and the international community came together to seek out and eliminate Al Qaeda and remove a Taliban regime that had terrorized and oppressed the Afghan people and allowed international terrorists to use Afghanistan as a base from which to plot attacks against the United States and our allies.

Along with defense and diplomacy, development plays a vital role in restoring security and stability to vulnerable areas and keeping America safe. Over the past 10 years of development work in Afghanistan, USAID has made important gains in helping Afghans revitalize the foundations of their nation, fostering economic growth, improving health and education, and rebuilding infrastructure. This includes working as a reliable partner with our military counterparts on stabilization programs to reduce the social, economic and political conditions that give rise to extremism.

Afghanistan has made significant progress. Though the Taliban continues to make its presence felt and inflict violence throughout the country, more children are living past their fifth birthday than ever before. Afghan men and women are now living longer, too, with a median life expectancy that has increased from 45 years to approximately 64 years.

Many challenges remain as Afghanistan gradually assumes lead responsibility for its own security, growth and reduced dependence on foreign assistance. To ensure that the hard-won gains of the last 10 years

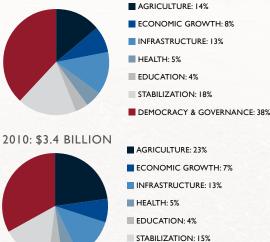
2009: \$2.1 BILLION

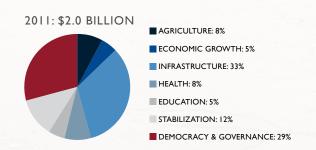
are sustained and that the transition through 2014 is successful, the United States and the international community have renewed their commitment to Afghanistan's future. A series of global conferences in London, Kabul and Bonn reaffirmed efforts toward Afghanistan's security, governance and development; created a more effective framework for aid delivery; and emphasized the importance of private sectorled growth and increased regional and economic integration, which reinforces the New Silk Road vision to make Afghanistan better able to attract new investment, benefit from its resource potential and provide increased economic opportunity.

USAID, through foundational investments that will deliver long-term, durable benefits for the Afghan people, is supporting a sustainable, Afghan-led transition. We're aligning programs with a focus on activities that are the most necessary, achievable and sustainable. Projects in the energy sector will extend power to more Afghans—and fuel longterm stability and economic growth. Strategic assistance in agriculture and mining will unleash economic potential from the nation's soil. Innovative technologies such as mobile payments will connect citizens, many for the first time, with the formal economy. Finally, through targeted training and work through priority ministries, we'll develop the local workforce that will advance these reforms through the transition to a secure, self-reliant Afghanistan.

#### USAID-MANAGED AFGHANISTAN BUDGET BY SECTOR, FY 2009-11

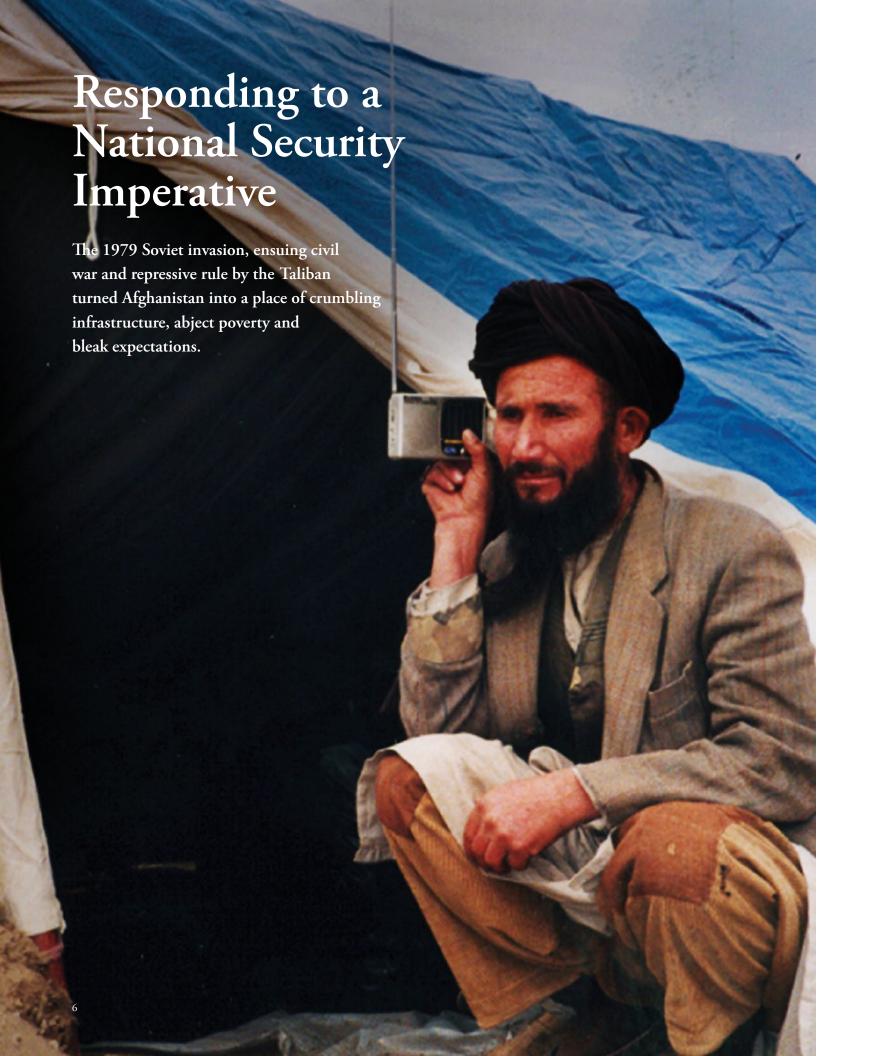
■ DEMOCRACY & GOVERNANCE: 33%





Percentages reflect projected fiscal year funding by sector out of total USAID-managed fiscal year appropriations from the Economic Support Fund (ESF) and Global Health and Child Survival (GHCS)-USAID accounts."

Democracy & Governance includes USAID contributions to the Afghanistan Reconstruction Trust Fund of approximately \$225 million in FY 2009, \$600 million in FY 2010 and \$372 million in FY 2011.



THE PROCESS OF TRANSITION OVER THE NEXT FEW YEARS IS NOT ONLY CLEAR, IT IS UNDERWAY, FOR US TO SUPPORT AFGHANISTAN, THIS MEANS SUPPORT FOR SUSTAINABLE, STABLE AND CAPABLE AFGHAN INSTITUTIONS, BOTH MILITARY AND CIVILIAN. IT MEANS SUPPORT FOR THE PROCESS OF AFGHAN NATIONAL POLITICAL RECONCILIATION. ...IT ALSO MEANS MAKING CLEAR THAT WE ARE NOT ABANDONING, AND WILL NOT ABANDON, OUR FRIENDS OR OUR PRINCIPLES.

- RYAN CROCKER

U.S. AMBASSADOR TO AFGHANISTAN JULY 25, 2011

At the turn of the new millennium, only 51 kilometers of intact roads served the entire nation. Electricity was available on a very limited basis and only in urban centers such as Kabul, where the lights flickered for just a few hours a day. Under Taliban rule, women were perceived as having a place only "in the home or in the ground." Half of the Afghan population under age 25 had never attended school, and job opportunities were scarce even for those with an education.

# Volatile conditions can breed violent extremists

Where legitimate economic activities are lacking in Afghanistan, people can be drawn to illicit ventures, such as opium cultivation. When futures look bleak, workers are driven to earn a living by any means necessary—and are actively recruited by insurgent groups. Where capable local governance is nonexistent, the power vacuum attracts violent extremists and warlords.

In Afghanistan, these extremists included Al Qaeda, which found a safe haven in a vulnerable nation.

## Terrorism spurs swift action

In 2001, a military coalition of 40 nations, with dozens more providing civilian support, liberated Afghanistan from extremist rule.

The international coalition's immediate objective: defeating Al Qaeda. The longer-term goal: helping Afghans rebuild their nation into an effective, self-reliant state so that Afghanistan would never again become a haven for violent extremists.

# Development helps restore a nation

To become a restored, stable nation, Afghanistan would need to rebuild its institutions, economy and society. It would need new infrastructure, including roads, power, telecommunications connectivity and clean water. It would require trusted, functioning institutions for governance, education, health care and commerce, with citizens and a vibrant civil society capable of holding government accountable. Restoration would mean creating economic opportunities and training a workforce to seize them.

In a role we've executed in nearly 100 nations worldwide, USAID responded to Afghanistan's challenges. We funded health clinics that treated women and children in rural and underserved areas. We helped entrepreneurs bring their goods to market through trade fairs and technical assistance. In the thousands of projects we implemented with hundreds of development partners, we trained teachers, rebuilt schools, restored the role of women in public life and returned electrical power and functioning roads to areas deprived of both.

IN AFGHANISTAN, OUR NATIONAL SECURITY GOALS AND OUR DEVELOPMENT GOALS ARE INEXTRICABLY INTERTWINED. WHERE WE HAVE SUCCEEDED IN AFGHANISTAN HAS BEEN WHERE, WITHOUT EXCEPTION, WE HAVE PARTNERED WITH THE AFGHANS TO BUILD INSTITUTIONS AND OPPORTUNITIES THAT ARE ESSENTIAL FOR THEIR DIGNITY, THEIR STABILITY, THEIR FUTURE.

- J ALEXANDER THIER

ASSISTANT TO THE ADMINISTRATOR AND DIRECTOR, OFFICE OF AFGHANISTAN AND PAKISTAN, USAID NOVEMBER 11, 2011

# USAID's vital stabilization role

In war zones like Afghanistan, development programs support security objectives by advancing economic and social stabilization, social cohesion and better governance.

To meet Afghans' immediate stability needs, USAID worked with our development partners to provide cash-for-work, short-term income generation and other livelihood assistance to thousands of Afghans. In the volatile southern region, USAID programs provided temporary work for more than 160,000 laborers in 2010, as well as seed and fertilizer vouchers and grants to nearly 60,000 farmers and their families. To support long-term stabilization efforts, we trained judges and civil servants, guided the development of national institutions and helped establish community councils in Afghanistan's most insecure districts.

In 2006, attacks on troops and Afghan civilians started to intensify. At the direction of U.S. President Barack Obama in 2009, USAID more than doubled our workforce to support the civilian-military effort to reverse the insurgency's momentum.

# A continued investment in security and stability

Out of the more than \$19 billion in U.S. civilian assistance appropriated in Afghanistan since 2001, USAID's budget represents \$14 billion. These USAID funds have been invested in health, education, infrastructure, civic involvement and other programs to meet Afghans' immediate needs, provide help in key regions and create the foundation for long-term stability nationwide.

Moving forward, USAID's focused investments in people, energy and economic growth will build upon this foundation to create the secure, stable Afghanistan of the future.





FAILED SOCIETIES CREATE SECURITY CRISES, WHEREAS STABLE SOCIETIES DO NOT. IN THE FUTURE, USAID WILL BE EVER MORE RELEVANT TO ENABLING STABILITY AND PRECLUDING SECURITY CRISES AS IT CONTRIBUTES TO THE LONG-TERM POLICY AND SECURITY OBJECTIVES OF THE UNITED STATES... . AS A RESULT, CENTCOM WILL CONTINUE, WHERE POSSIBLE, TO BE GOOD PARTNERS WITH USAID.

- GENERAL JOHN R. ALLEN COMMANDER, INTERNATIONAL SECURITY ASSISTANCE FORCE/U.S. FORCES AFGHANISTAN APRIL 2011

# Challenges span sectors

Historically, Afghanistan has faced a broad spectrum of challenges. In 1978, the country was one of the poorest in the world, and 30 years of civil war brought even more obstacles. The nation that emerged from Taliban oppression ranked among the world's lowest for literacy and life expectancy and among the world's highest for infant mortality.

## Agriculture

Afghanistan's future as a secure, sustainable nation depends on investment in this area. Farmers in Afghanistan today battle outdated and damaged irrigation systems, weak property rights protections and extreme weather conditions. Access to markets, while improved, remains cumbersome. Many Afghan farmers turn to poppy cultivation as an easy, lucrative alternative to licit crops.

## Economic Development

Growth of the nation's licit economy is impeded by a largely illiterate workforce that lacks vital technical skills, as well as credit and banking systems that are underdeveloped and fragile. Meanwhile, porous borders encourage unlawful trade. These challenges, plus corruption and security concerns, continue to hinder physical and capital investment.

## Democracy and Governance

Weaknesses in Afghanistan's civil society, judicial system, non-governmental organizations (NGOs) and still-fragile government slow the nation's progress. Widespread allegations of fraud have undermined confidence in the electoral system. Inadequate property rights undermine investment, and insufficient protections for women continue to be the rule. Perceptions remain high of corruption by, or tolerated by, public officials.



## Health

Despite the devastating impact that Afghanistan's high levels of malnutrition and infectious disease have on the population's morbidity and mortality rates, health initiatives here face several obstacles. Fiscal constraints and limited domestic revenues limit funding. A lack of both qualified workers and effective training programs prevents the expansion of basic health services. In some provinces, serious security challenges impede health promotion and outreach, the delivery of services and medicines, and routine program monitoring and evaluation.

### Education

Afghanistan has one of the highest illiteracy rates in the world. The lack of dependable local tax revenue stunts quality education programs, and security remains an issue in some areas. Girls face additional challenges: a shortage of female teachers as mentors and pressure from the Taliban not to attend school.

## Infrastructure

Inadequate security and a shortage of skilled technicians, engineers and construction workers hinder the construction and maintenance of critical infrastructure. Construction supplies often have to be imported, significantly increasing project costs. Meanwhile, the nation still lacks a government road authority and road fund, and many rural communities remain unconnected to the electrical grid.

Across sectors, a persistent insurgency and difficult security environment have made the mission much harder, despite the strong presence of the International Security Assistance Force (ISAF). In 2010 alone, an estimated 687 security incidents were reported throughout the country, and 101 fatalities were reported among people working on our programs. Most were committed by the Taliban. On one USAID road project, 19 people were killed while working on construction, and 364 security incidents were reported. Security dangers often slow progress, and daily activities are made more complicated by an atmosphere of opportunism, corruption and lawlessness. Recruiting and retaining the right professionals for such a tough assignment is not easy.

## Not all projects have been success stories

Delays, fraud, poor performance, security challenges, contractor overcharges—many of the obstacles encountered by USAID and our partners have found their way to newspaper headlines. Less well known are USAID's actions to ensure credibility and sharpen our approaches.

In our work worldwide, USAID employs numerous oversight mechanisms at every project phase—from awarding the contract to reviewing payment claims to overseeing the performance of our implementing partners. The Afghanistan mission uses these and more. In remote, insecure areas, USAID's monitoring and evaluation efforts are supplemented

by third-party evaluators. We also work with a variety of independent oversight entities, including the USAID Office of the Inspector General, the Special Inspector General for Afghanistan Reconstruction and the U.S. Government Accountability Office.

Since 2003, in partnership with USAID, these oversight entities have conducted more than 50 audits and reviews, recovering and saving significant amounts of taxpayer funds in Afghanistan.

But we were not satisfied. Afghanistan's realities demanded additional reforms.



TO MINIMIZE THE RISKS OF DEVELOPMENT FUNDS FALLING INTO THE WRONG HANDS, USAID IS IMPLEMENTING ADDITIONAL SAFEGUARDS IN ITS PRE-AWARD PROCESSES AND POST-AWARD IMPLEMENTATION IN AFGHANISTAN. THROUGH MEASURES LIKE SECURITY CHECKS ON NON-U.S. IMPLEMENTERS, AUDITS OF LOCALLY INCURRED COSTS AND INCREASED PROJECT MONITORING, THE ACCOUNTABLE ASSISTANCE FOR AFGHANISTAN INITIATIVE (A3) HELPS US PROTECT DEVELOPMENT FUNDS.

#### - DIANE RAY

AFGHANISTAN DESK OFFICER IN CHARGE, USAID JANUARY 28, 2012

# Improving the way we do business

At an Afghanistan-hosted June 2010 conference in Kabul and an Afghanistan-chaired December 2011 conference in Bonn, Afghans and the international community renewed their commitment to help Afghans take full ownership and responsibility for their nation's destiny. Afghanistan's government has pledged to improving within three years the country's ranking in the Transparency International Corruption Perceptions Index and its position on the International Finance Corporation's Doing Business ranking of economies. Concurrently, USAID has been strengthening our ability to cost-effectively deliver achievable programs led by Afghans that reflect Afghan priorities as well as U.S. security interests.

We're building a culture that rewards innovation, adaptation and problem-solving. Through capturing relevant outcomes in addition to outputs, we're becoming more vigilant in tracking and evaluating progress. And we're implementing Administrator Shah's new Sustainability Guidance into programs so they support increased Afghan ownership, contribute to stability and make the most of limited funds.

Our improvements reflect the seven principles of "good donorship" outlined at the Kabul conference: Afghan ownership, alignment, harmonization, management for results, mutual accountability, capacity building and sustainability. They also draw from a realistic understanding of what success demands in one of the world's toughest development environments.

# New frameworks, focused improvements

Innovative new development frameworks such as USAID Forward—an agency-wide initiative to help us meet the most pressing development challenges—have been key to improving the way we work in Afghanistan.

USAID Forward's reform and budget agendas reinforce the Accountable Assistance for Afghanistan (A3) recommendations on how to protect USAID development funds from being diverted from their intended use. Guided by these recommendations, we're strengthening our award mechanisms, vetting, financial controls and project oversight, working closely with our Afghan and ISAF counterparts.

A3 is just one example of how USAID is encouraging transparency and shared knowledge across all programs. On an interagency level, databases such as FACTS Info and Afghan Info are allowing USAID and the U.S. Department of State to share project information, metrics, best practices and more. With Afghans, we've also launched the Assistance for Afghanistan's Anti-Corruption Authority series of initiatives to encourage transparency and accountability. This includes helping the Afghan government develop a strong anti-corruption policy and establishing a joint committee with U.S. Forces-Afghanistan and the ISAF on contractor vetting and corruption.



# Augmenting our eyes and ears on the ground

In 2009, President Obama called for a civilian uplift—additional personnel to work with military counterparts—in Afghanistan. By increasing civilian field personnel from 44 to approximately 380, we're better able to implement reforms such as the A3 recommendations and transition programs—through long-term training, partnering and capacity building—sustainably and successfully to Afghan leadership leading up to 2014.

This civilian-military coordination helped us strategically align investments in resources, tools and processes that deliver returns. Where unstable roads or unsafe conditions have made it difficult for managers to access projects and check progress for themselves—and made the agency overly reliant on reports from

implementing partners—USAID has been creatively and cost-effectively addressing the challenge through:

- An independent third-party monitoring and evaluation unit that, with the addition of field offices in Kandahar and Jalalabad, will extend the agency's oversight reach to these regions
- An interagency performance management plan that links all USAID and State Department programs to Afghanistan strategies, evaluates their progress and addresses concerns that a lack of documentation and high staff turnover have hampered USAID's ability to maintain institutional knowledge
- Increased use of GPS and mapping tools to document project sites and activities
- Aggressive and thorough auditing of local costs
- On-site monitoring by USAID staff on regional platforms for projects in their areas

TOGETHER WITH OUR AFGHAN PARTNERS, WE MUST SECURE AND SERVE THE PEOPLE OF AFGHANISTAN. WE MUST HELP AFGHAN LEADERS DEVELOP THEIR SECURITY FORCES AND GOVERNANCE CAPACITY SO THAT THEY CAN, OVER TIME, TAKE ON THE TASKS OF SECURING THEIR COUNTRY AND SEE TO THE NEEDS OF THEIR PEOPLE.

- U.S. GENERAL DAVID H. PETRAEUS JULY 4, 2010

# Strict evaluation prompts arduous choices

Knowing the return on our project investments is critical. USAID's rigorous emphasis on evaluation led us to take a hard look at the Strategic Provincial Roads project in eastern and southern Afghanistan. After three years, \$222 million had been disbursed, yet project outcomes were falling far short of project objectives. To avoid continued investment of taxpayer funds into a nonperforming program, USAID cut \$230 million from its budget and ended the project in fall 2011.

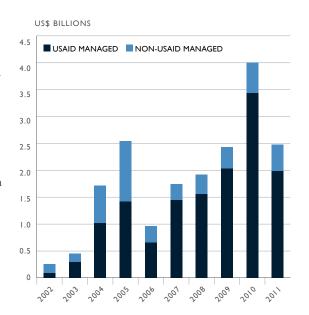
In other cases, program benefits merited continued investment—with strategic recommendations for improvements. The National Solidarity Programme in Afghanistan had reached thousands of communities, but payment delays and operating risks in insecure areas threatened to limit future outreach. Today, the program tracks indicators of good governance, such as transparency and accountability, and an interministerial committee is exploring the role existing community development councils can play for expansion into insecure areas.

# Strengthening our ability to enhance security

From creating a unit to enable and enhance coordination with the military to increasing the number of staff working on forward operating bases, USAID partners closely with the U.S. military—and we're continually strengthening these capabilities.

Our District Stability Framework tool helps identify sources of instability. Our increasingly flexible contracting processes accelerate our ability to respond in mission-critical situations, and our Office of Transition Initiatives applies 15 years of best practices in volatile environments to Afghanistan's challenging conditions.

# U.S. FOREIGN ASSISTANCE TO AFGHANISTAN, FY 2002–11\*



\*Approximation of USAID-appropriated foreign assistance from the Development Assistance, ESP and GHCS accounts. Includes foreign assistance funds that USAID transfers to other agencies to carry out foreign assistance objectives. Does not include humanitarian assistance to Afghanistan, which has totaled approximately \$1.8 billion from FY 2002 to present.





USAID and our partners have contributed much to these improvements over the past 10 years. Our best programs have one thing in common: the potential to leverage private-sector investment, yield high returns, produce substantial socioeconomic impact and achieve long-term sustainability.

## Agricultural projects plant seeds for progress

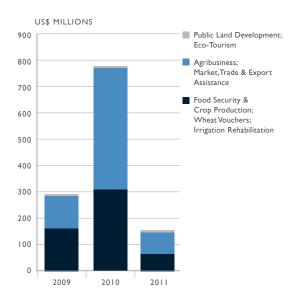
Agriculture represents the livelihood of 80 percent of Afghans, and USAID recognizes it as a key component to the country's economic growth and future commerce. To help Afghans regain stability after years of war and resist insurgent influences, USAID and its partners provided agricultural assistance to more than an estimated 1.4 million Afghans.

For meeting immediate needs after years of instability, we engaged farmers in cash-for-work and short-term income programs—initiatives that, across all sectors, instilled confidence and provided Afghans with more than 14.5 million days of employment.

Agriculture-related stabilization efforts also have included redirecting farmers away from the lucrative opium trade, which makes key regions unstable and threatens the country's security. In Kandahar Province alone, USAID's work with Afghanistan's Ministry of Agriculture, Irrigation and Livestock to distribute vouchers for seed and fertilizer during the crucial spring planting season allowed more than 8,000 farmers to raise and market poppy alternatives.

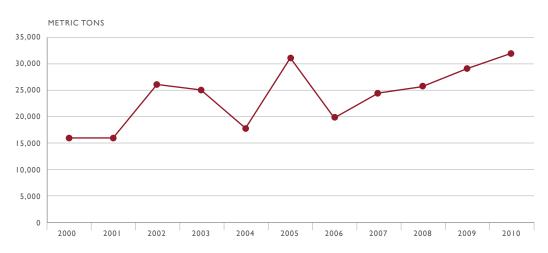
Loans through the USAID-funded Agricultural Development Fund have helped more than 10,000

#### **INVESTMENTS: AGRICULTURE**



small commercial farmers buy vital seeds, fertilizer and equipment. Voucher programs and technical assistance have helped farmers increase wheat yields from 50 to 70 percent. For the first time in more than four decades, local farmers shipped food exports out of Kandahar's airports.

#### **RESULTS: AFGHAN AGRICULTURE FLOURISHES** RAISIN PRODUCTION IN AFGHANISTAN



TODAY, SOME 15 MILLION AFGHANS USE MOBILE PHONES, AND A FULL 85 PERCENT OF THE POPULATION LIVES WITHIN THE COMBINED NETWORK COVERAGE OF THE FOUR MAJOR TELCOS. THIS TECHNOLOGICAL LEAP CONNECTS AFGHANS TO EACH OTHER AND TO THE ECONOMY IN WAYS THAT WERE UNIMAGINABLE JUST A FEW YEARS AGO.

- DR. RAJIV SHAH ADMINISTRATOR, USAID AUGUST 24, 2011

## Economic programs deliver returns

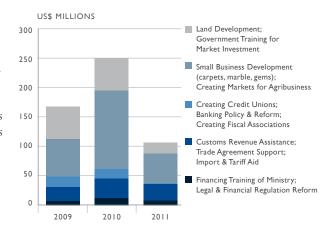
More than 830,000 microfinance loans to Afghan women, more than 175,000 new micro- and small businesses, 490,000 new jobs and mobile phone subscriptions for nearly four out of 10 Afghans—these are just a few outcomes of USAID's economic growth programs.

To support Afghanistan's private sector, USAID assisted in the licensing of 17 commercial banks, resulting in \$840 million in outstanding loans and \$3.5 billion in deposits. For the Afghan government, USAID's implementation of a centralized collection system helped increase customs revenue by more than 400 percent and total public revenue by 225 percent. By the second quarter of 2011, domestic revenues for the first time reflected an even balance of tax, customs and non-tax income and surpassed operating expenses for the nation—a positive sign for Afghanistan's fiscal sustainability.

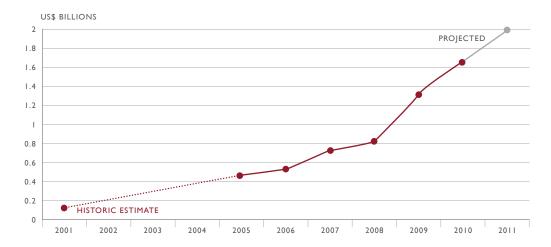
A common thread for many of these programs was return on investment. USAID's \$14 million investment in 50 business partnerships leveraged \$91 million in private investment. Meanwhile,

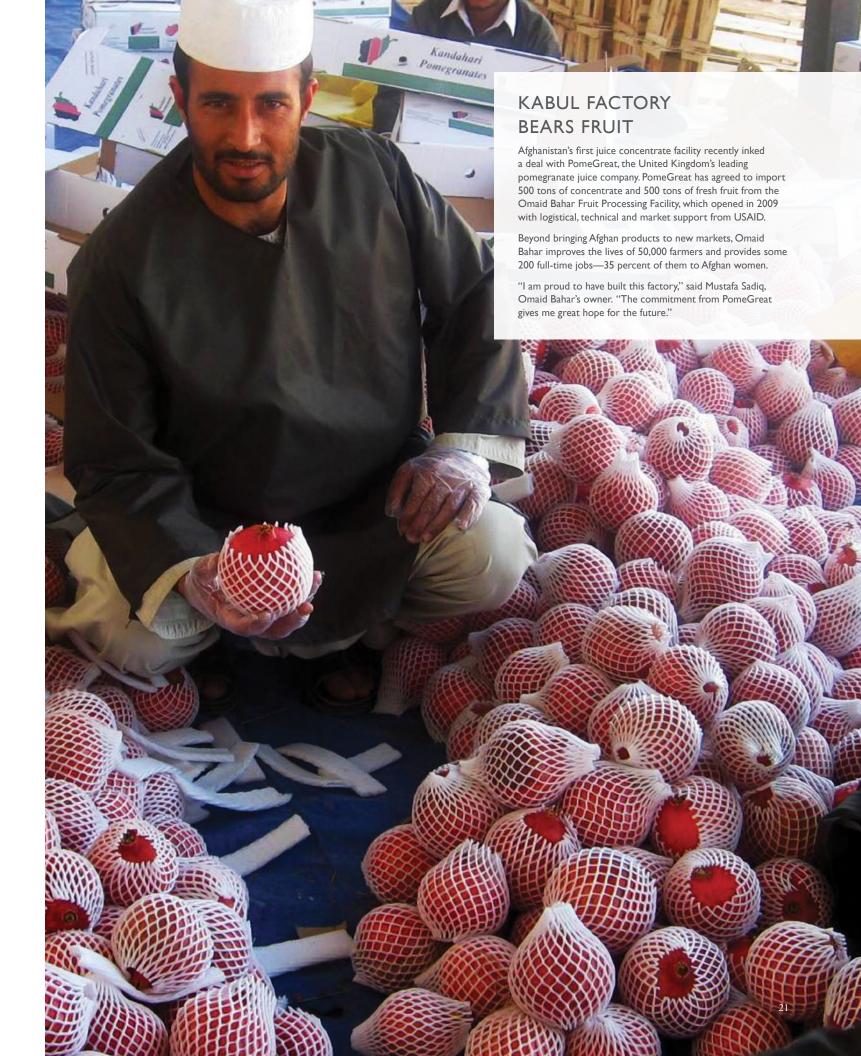
DABS, the Afghan power utility now undergoing commercialization, doubled its revenues by \$45 million in one year, which is more than the entire budget of USAID's three-year technical assistance program to the utility.

#### INVESTMENTS: ECONOMIC DEVELOPMENT



#### **RESULTS: DOMESTIC REVENUES CLIMB**







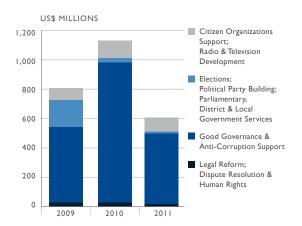
# Afghans return to civic life

To continue encouraging private investment and commerce throughout the region, Afghanistan needs effective governance structures, the participation of a knowledgeable citizenry and reliable legal and regulatory enforcement.

On a district level, USAID's \$16.5 million
Afghanistan Social Outreach Program has established
112 community councils in Afghanistan's most
insecure districts, creating the basic building blocks
of governance. On a national level, USAID helped
enfranchise 7.5 million newly eligible voters for the
2010 election. We also assisted with the establishment
and training of Afghanistan's first Independent
Electoral Commission, which has organized many
elections, including two for president.

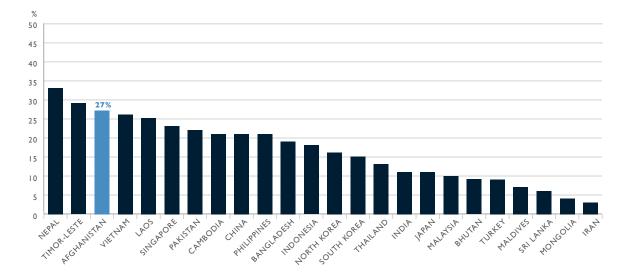
Many Afghans, especially women, were unaware of their rights or how to use a formal justice system. USAID established 34 community cultural centers. Here citizens of all literacy levels could learn about their legal rights, legal referrals and how to prepare for trials. USAID helped Afghans build their knowledge on the other side of the bench as well, training more than half of the country's judges through our Rule of Law Stabilization Program.

#### **INVESTMENTS: DEMOCRACY & GOVERNANCE**



Civic life in Afghanistan has improved in many ways. Women comprise 26 percent of the approximately 16,000 civil servants trained by USAID. Parliamentary oversight indicators—such as the number of officials invited to the budget committee and the number of amendments made to the national budget—have increased significantly since 2008. With support from USAID, Afghans now have access to information through 175 community-run, independent radio stations and 75 television stations. This includes 10 stations established or upgraded in underserved areas.

# RESULTS: AFGHANISTAN RANKS HIGH FOR FEMALE PARLIAMENTARY REPRESENTATION (SINGLE AND LOWER HOUSES)



MATERNAL MORTALITY REDUCTION IS NOT SOLELY A HEALTH AGENDA; IT'S RATHER AN ECONOMICAL, DEVELOPMENTAL AND SOCIAL ISSUE. WE CAN'T HAVE A PROSPEROUS AFGHANISTAN UNLESS WE TACKLE OR ADDRESS MATERNAL DEATH SERIOUSLY. ... USAID HAS HELPED TRAIN 1,478 MIDWIVES AND DEVELOPED THE MIDWIFERY EDUCATION PROGRAM UTILIZED BY 34 MIDWIFERY SCHOOLS IN 32 PROVINCES.

- DR. SURAYA DALIL MINISTER OF HEALTH FOR AFGHANISTAN JANUARY 24, 2011

## Health and access to care improve

Not only is improved health a development priority and imperative, economic growth and political stability are impossible without a healthy population. That's why USAID has worked with the Afghan government and NGOs to improve health standards and access to care.

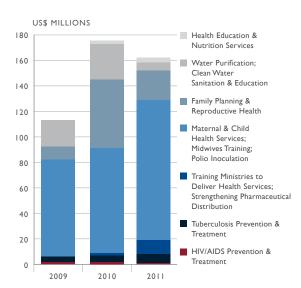
Improvements in maternal and child health trends demonstrate that U.S. investments in health, education and infrastructure have significantly paid off. A decade ago, Afghanistan's health system was shattered, leading to widespread prevalence of malnutrition, infectious disease and high infant and maternal mortality rates. Since the departure of the Taliban, the Ministry of Public Health—along with USAID, the World Bank and the European Commission—has begun to rebuild the health care system with low-cost, high-impact interventions to improve the health of Afghans, primarily women and children.

The Afghanistan Mortality Study—a major study released in November 2011 and funded in part by USAID—demonstrated that the health of Afghans has been steadily and significantly improving during the last 10 years. More Afghan children are living past their fifth birthday than at any time in the past. The maternal mortality ratio is less than 500 deaths per 100,000 live births (much lower than the previously reported 1,600 out of 100,000 by UNICEF).

The percentage of births delivered by skilled birth attendants has more than doubled (from 14 percent to 34 percent) since 2003, and the number of Afghan women receiving care after birth from a skilled provider nearly tripled (from below 20 percent to 60 percent) from 2002 to 2008.

USAID has made a difference with our Rural Expansion of Afghanistan's Community-based Healthcare (REACH) Program's performance-based grants. Totaling \$52 million, these grants have helped NGO-operated clinics serve nearly 2 million young children and women of childbearing age at a cost of \$28 per person.

#### **INVESTMENTS: HEALTH**



We've also provided valuable information in areas such as food safety and maternal health. USAID worked with Dr. Amanullah Husseini when she was director of information, education and communications at the Afghanistan Ministry of Health to tap the power of radio. The plays developed in her "Writing for Radio" workshops teach people in remote areas with low literacy skills how to safeguard their own and their families' health.

#### RESULTS: MORE AFGHANS CONNECT TO CARE



**64%** 

of Afghans now have access to basic health services, compared with 9% in 2002





OUR EFFORTS TO PROMOTE GENDER ISSUES IN AFGHANISTAN ARE NOT SIMPLY A MATTER OF FAIRNESS OR EQUITY, BUT A RECOGNITION THAT INVESTMENTS IN WOMEN AND THE ENCOURAGEMENT OF WOMEN'S PARTICIPATION AND EQUALITY ARE NON-NEGOTIABLE REQUIREMENTS FOR LASTING PEACE, STABILITY AND SOCIAL PROGRESS. LET ME REPEAT: GENDER INTEGRATION, EQUALITY AND EMPOWERMENT ARE NOT SECONDARY PRIORITIES.... THEY ARE ESSENTIAL TO THE SUCCESS OF OUR EFFORTS.

- DONALD STEINBERG USAID DEPUTY ADMINISTRATOR MARCH 3, 2011

## Education empowers ongoing gains

Education is a foundation for long-term development, and USAID is working with Afghanistan to rebuild an education system severely degraded by years of conflict.

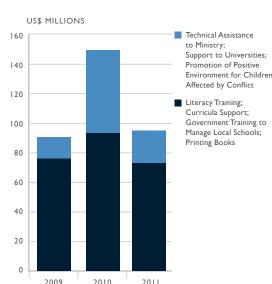
USAID has built or refurbished more than 680 schools. We have also printed and distributed 48.5 million textbooks in Dari and Pashto, worked to make schools more secure and safe for girls and used a cascade model to train more than 52,000 teachers in 11 provinces.

Overall, USAID has helped 223,000 learners (more than half of them women) complete classes in reading and basic livelihood skills. This education is invaluable for supporting the stable governance

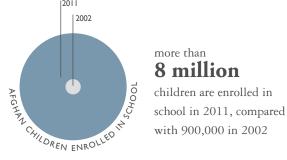
and economic development necessary for sustained Afghan self-reliance and growth. Higher education also plays a crucial role in progress. Since Taliban rule, university enrollments in Afghanistan have grown to 62,000 students.

Young girls are benefiting from education outreach by USAID and our partners: About one in four girls age 12 to 14 now have some primary school education, compared to less than 5 percent of women age 30 years and older. Research shows that educating girls makes a difference in family health. Educated women are more likely to seek health care, and their children are less likely to die in infancy and early childhood.

#### **INVESTMENTS: EDUCATION**



#### RESULTS: DOORS OPEN TO EDUCATION



# Power, roads and telecommunications connect a re-emerging nation

Afghans are already feeling the impact of progress in many aspects of everyday life.

In 2002, only 6 percent of Afghans had access to reliable electricity. Today 18 percent do, and 2 million people in Kabul now benefit from electric power 24 hours a day.

USAID's investments in energy infrastructure and technical support contributed to these gains. Citizens in the northeast receive more access to electricity than ever before via a power line with Uzbekistan completed in 2009. DABS, the Afghan national power utility, has increased its customer base 18 percent annually since 2003. Increases in annual revenues are allowing Afghanistan's government to decrease its annual subsidy to the utility.

Investments in alternative energy sources are yielding returns as well. In the strategically located yet off-the-grid village of Kesa Topac in Kunduz Province, a USAID-funded solar grant project is providing families with an energy source and village leaders with a way to quell frustration with the Afghan government for its past inability to provide power.

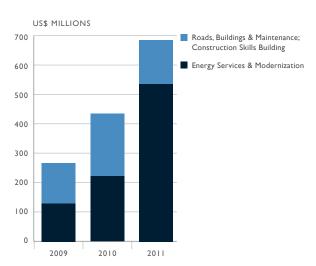
Roads, the lifeblood of commerce and transit in a landlocked country, also are essential to progress. President Hamid Karzai has called for Afghanistan to become "the roundabout of Asia." The Ring Road is essential to making this vision a reality. The more than 1,800 kilometers of road USAID built or rehabilitated include key sections of the Ring Road.

New and refurbished roads have reduced travel times from days to hours—good for business and invaluable for personal security. Along the Kishim-Fayzabad Road, for example, the number of new businesses—such as fuel stations and markets—has more than doubled, passenger bus activity has increased, and market prices have declined. "Sales are up 80 percent because of better roads," said Faiz Mohammad, a Baharak vegetable seller.

In southeastern Afghanistan, the old 64-kilometer Ghazni-to-Sharan road was slow, dangerous and unreliable. USAID employed more than 700 Afghan construction and security workers to rebuild it—ahead of schedule and within budget. The new road also decreased travel time between the two towns from four hours to one, a reduction that will allow the Afghan National Police and Coalition Forces to respond faster to security situations.

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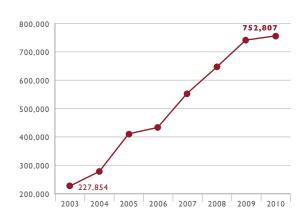
#### **INVESTMENTS: INFRASTRUCTURE**



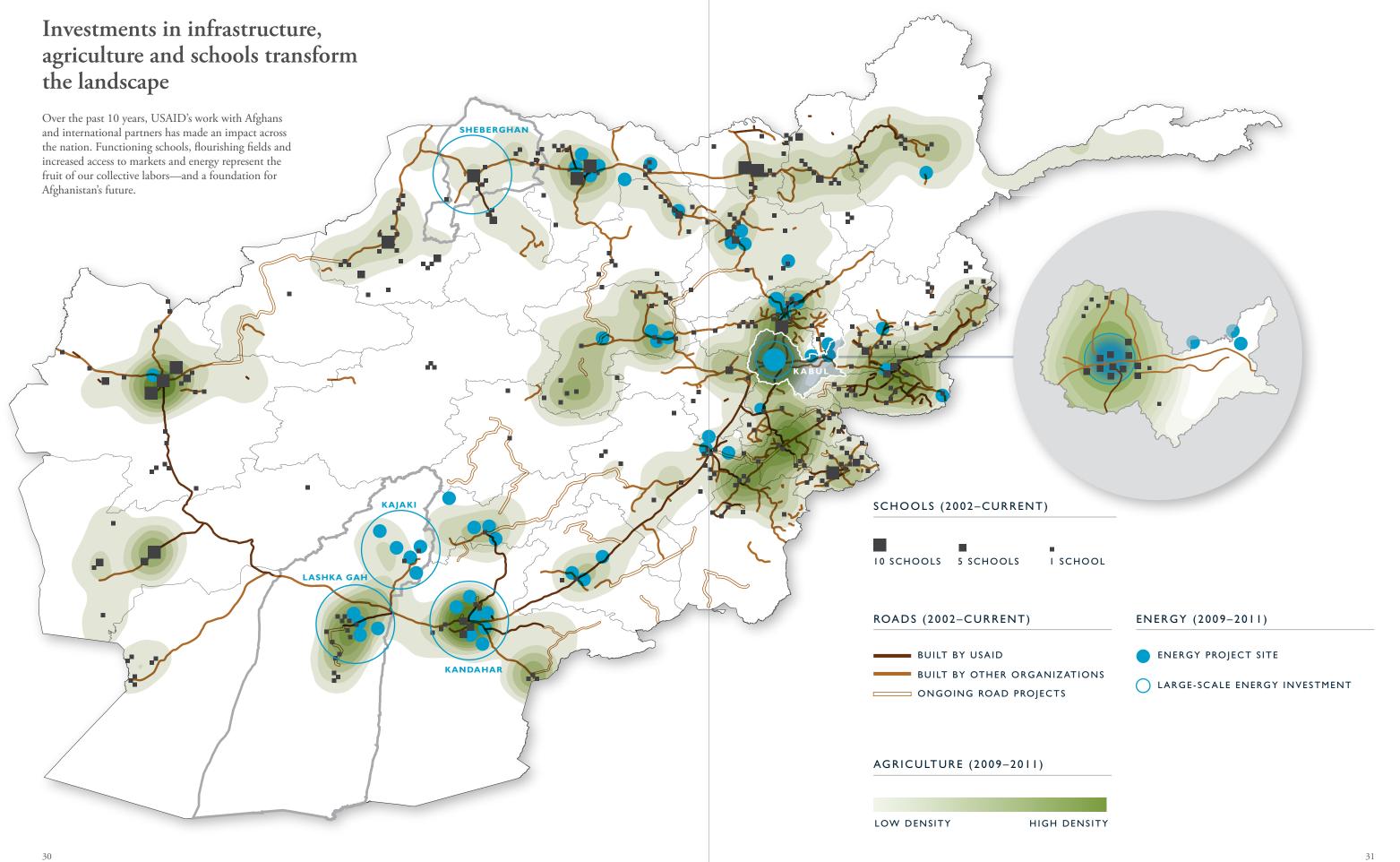
Roads aren't the only things connecting Afghans today. More than half of Afghanistan's people use mobile telephones, and 85 percent fall within the nation's combined mobile network. USAID played a role in this network's creation, working with the government to establish a telephone-friendly regulatory and operating environment.

The telecom industry currently is one of the largest contributors to the Afghan government, generating approximately \$120 million last year. In 2013, the introduction of 3G service and completion of the fiber optic ring will rapidly expand Internet access—a tremendous leap for a nation that in 2002 was served by fewer than 40,000 telephone lines.

# RESULTS: NUMBER OF ELECTRICITY CONNECTIONS SURGES









WE WILL INCREASE OUR FOCUS ON THE MOST DEPRIVED CHILDREN, ESPECIALLY GIRLS, IN THE MOST REMOTE AND LEAST SECURE PARTS OF OUR COUNTRY, INSTEAD OF WAITING FOR SECURITY TO COME, WE DECIDED TO INVEST MORE IN EDUCATION AS A MEANS TO ACHIEVING STABILITY.

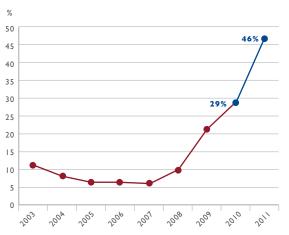
#### - GHULAM FAROOK WARDAK

EDUCATION MINISTER FOR AFGHANISTAN OCTOBER 29, 2011

## Refocusing our resources

In April 2011, USAID prioritized the investments that have the greatest potential to contribute to long-term Afghan stability and that ensure the safe, efficient and permanent drawdown of U.S. troops and resources. We're favoring projects with more holistic, sustainable outcomes, such as workforce training and agricultural programs focused on staple crops and exports. We're transitioning away from private security contractors and increasingly relying on the Afghan government and local organizations for implementation. And we're strengthening Afghanistan's ability to manage its own business, governance and civic service systems. This will enable us to deliver up to half of our development assistance through the nation's public institutions.

# ASSISTANCE TO AFGHAN GOVERNMENT INSTITUTIONS BY PERCENTAGE OF TOTAL DEVELOPMENT BUDGET



Total development budget excludes crisis response projects and strategic communications.

FY 2010 and FY 2011 on-budget assistance figures are planned and are subject to change.

# PRACTICAL TREASURY TRAINING PAYS OFF

University graduates staffing the Afghan Offices of Cash and Debt Management knew economic theory and statistics but lacked practical experience in areas such as tax administration. A USAID training program with the U.S. Department of Treasury and New York state agencies and corporations put these young officials on the fast track.

After a study tour with more than 60 experts, delegates were able to make recommendations for reforming and improving operations—and one is creating a series of similar workshops for colleagues in Afghanistan.

"They have already started applying the new experience in everyday work," said Afghan treasury official Mujeebullah Sulaimankail.



## Energizing the grid and economic growth

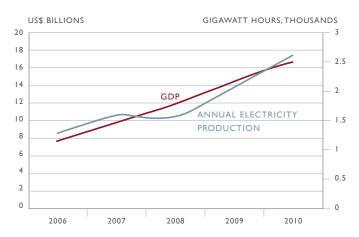
Power is a key ingredient for transitioning to a stable, self-sufficient Afghanistan: Increasing installed electricity capacity by 1 percent increases annual GDP by a corresponding 1 percent.

Through 2015, USAID and other U.S. government and international donors are projected to invest \$5.1 billion to increase Afghanistan's power production and delivery capacity to meet the growing demands of Afghanistan's people and industry. USAID power projects will harmonize with U.S. Department of Defense efforts and a new Energy Master Plan that includes realistic goals and time frames based on prioritized project needs, costs and benefits.

Our aims: reduce costs, increase cost recovery, improve energy security and provide electricity.

This strengthened power infrastructure will support investments in economic growth and generate returns. Improved water and irrigation infrastructure and better watershed management can increase wheat production 20 percent by 2014. Combined with targeted agricultural extension services and research programs, these investments have the potential to boost incomes by up to 25 percent for 8.5 million farm families.

#### AFGHANISTAN ECONOMY & ENERGY



Our economic growth investments will also tap other resources from the ground: Afghanistan's more than \$900 billion worth of valuable minerals. Legal and regulatory structures currently lack the clarity and transparency that private-sector investors demand. To help Afghans attract investment and generate long-term concessions, we will work with the government to strengthen mining law and expand resources, such as a digital database offered by the Ministry of Mines.

# IRRIGATION PROJECT KEEPS ECONOMIC GROWTH FLOWING When USAID rehabilitated three major rural irrigation systems in Baghlan and Kundux, the immediate employment of hundreds of local farmers was just one of the benefits. Community groups were involved in each step of the planning and implementation, and local farmers learned how to maintain their irrigation systems. More than 300,000 hectares of cultivated land were returned to full, sustainable production. "For the first time in 25 years, we'll have the water necessary to improve our crops," said local farmer Mirab Gul Hassan.

# Advancing progress with mobile money

Mobile payment systems have improved lives and economies around the world. In Mexico, mobile delivery for cash transfer/welfare payments dropped the government's delivery costs by 20 percent and participants' transportation costs by 77 percent. In Kenya, families who store money electronically are 40 percent less likely to skip a meal for lack of money, and farmers are 60 percent more likely to invest savings in the next crop cycle.

In Afghanistan, where less than 5 percent of people have bank accounts yet more than half use a mobile phone, mobile payments represent a tremendous opportunity for cost savings and economic inclusion. In addition, the updated regulations published by Da Afghanistan Bank governing the mobile financial services sector firmly place Afghanistan at the vanguard of countries trying to promote financial inclusion through mobile channels. However, adoption of this new technology will depend on expanding access and building consumer trust.

Moving forward, USAID plans to leverage public-private partnerships and use innovation grants to foster development of an agent network. To build consumer trust, we'll start with a high-profile project with high return-on-investment potential: migrating government salary payments onto a mobile platform. This may result in substantial annual savings for the Ministry of the Interior by significantly reducing skimming opportunities and payments made to "ghost employees."

# Training workers for the transition

An additional year of tertiary education can raise annual GDP growth by a half percent. And an educated, skilled, healthy Afghan workforce will drive economic self-reliance.

Today, Afghanistan lacks an adequate supply of qualified health practitioners, teaching staff and administrators at all levels. To help develop the necessary expertise and skills, USAID plans to expand market-driven technical and vocational training. We will work with our partners, including the Afghan government, to provide tertiary education in the priority sectors of energy, mining, IT, business administration, agriculture and engineering.

THE GROWTH OF THE TELECOMMUNICATIONS SECTOR IN AFGHANISTAN OVER THE PAST NINE YEARS HAS BEEN PHENOMENAL. AFGHANS WHO HAVE ACCESS TO MOBILE PHONES AND NO BANK BRANCH IN THEIR VICINITY WILL GREATLY BENEFIT FROM THIS SERVICE.

#### - AMIRZAI SANGIN

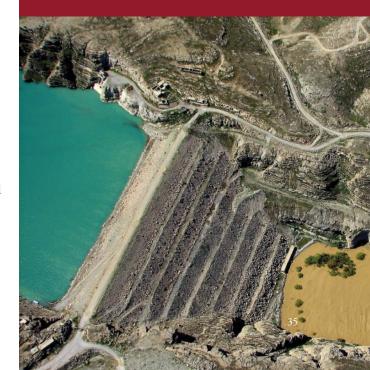
MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY, AFGHANISTAN AUGUST 24, 2011

# TURNING KNOWLEDGE INTO POWER

Hydroelectric power plants are a key to energy sufficiency in Afghanistan, so engineers there—some of whom have manually controlled the plants for more than 15 years—welcomed the chance to rehabilitate aging plants to generate more power and conserve water.

Yet there was one problem: Computers and equipment are largely in English, and many of these engineers had no experience with computers or the English alphabet. USAID is closing the gap with English and computer training.

Kabul's Sarobi Hydro Power Plant has already made the upgrade, and the city's Naghlu Hydro Power Plant workers are now being trained. The eight who show the best computer and English skills are slated to be sent abroad for more specialized training.





#### CURRENT USAID PARTNERS IN AFGHANISTAN

USAID implements its programs in Afghanistan with a wide range of NGOs, government agencies, private-sector contractors and academic institutions. These partners represent the United States, Afghanistan and the international community, and their talents, resources and efforts make our work possible.

ADVANCED ENGINEERING
ASSOCIATES INTERNATIONAL (AEAI)

AECOM

AGA KHAN TRUST FOR CULTURE (AKTC)

AIRCRAFT CHARTER SOLUTIONS (ACS), INC.

AMERICAN UNIVERSITY OF AFGHANISTAN

ASSOCIATION FOR RURAL DEVELOPMENT (ARD)

BANK ALFALAH LIMITED

BLACK & VEATCH SPECIAL PROJECTS CORPORATION

CH2M HILL CONSTRUCTION, INC.

CHECCHI & COMPANY

CHEMONICS INTERNATIONAL, INC

CITIZENS NETWORK FOR FOREIGN AFFAIRS (CNFA)

CONSORTIUM FOR ELECTIONS AND

POLITCAL PROCESS STRENGTHENING (CEPPS)

COUNTERPART INTERNATIONAL (CI), INC.

CREATIVE ASSOCIATES INTERNATIONAL, INC.

DAI-DEVELOPMENT ALTERNATIVES INC.

DANISH INTL DEVELOPMENT AGENCY

DEFENSE CONTRACT AUDIT AGENCY (DCAA)

DELOITTE CONSULTING LLP

DI-DEMOCRACY INTERNATIONAL

DPK CONSULTING

ECC-WORLEYPARSONS, LLC

EDUCATION DEVELOPMENT CENTER

FCEC UIPROJECTS JV

FUTURES GROUP INTERNATIONAL, LLC

THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF AFGHANISTAN

INTERNATIONAL CITY/COUNTY
MANAGEMENT ASSOCIATION (ICMA)

INTERNATIONAL FOUNDATION FOR ELECTION SYSTEMS (IFES)

INTERNATIONAL ORGANIZATION FOR MIGRATION (IOM)

INTERNATIONAL RELIEF AND DEVELOPMENT, INC. (IRD)

INTERNATIONAL RESOURCES GROUP (IRG)

INTERNEWS NETWORK, INC

IO GLOBAL SERVICES PVT. LTD

JHPIEGO CORPORATION

KARDAN INSTITUTE OF HIGHER EDUCATION

KPMG AFGHANISTAN LIMITED (KPMG)

THE LOUIS BERGER GROUP, INC.

MANAGEMENT SCIENCES FOR HEALTH (MSH)

MANAGEMENT SYSTEMS INTERNATIONAL (MSI)

MG SERVICES LIMITED

MIDEAST CONSTRUCTION, LLC

MINISTRY OF AGRICULTURE,
IRRIGATION AND LIVESTOCK (MAIL)

MINISTRY OF FINANCE/MINISTRY OF EDUCATION

MINISTRY OF FINANCE/MINISTRY

OF TRANSPORTATION
AND CIVIL AVIATION (MOTCA)

MINISTRY OF PUBLIC HEALTH (MOPH)

MOTION MATTERS, INC

MWH AMERICAS, INC.

OASIS INTERNATIONAL SCHOOLS INC

PACT-INTERNEWS

THE PARTNERSHIP FOR CHILD HEALTH CARE/MSH

PERINI MANAGEMENT SERVICES, INC.

PURDUE UNIVERSITY (PU)

ROAD & ROOF CONSTRUCTION CO. (RRCC)

ROOTS OF PEACE

SMALL ENTERPRISE ASSISTANCE FUNDS (SEAF)

STATE UNIVERSITY OF NEW YORK (SUNY)

TETRA TECH ARD

TETRA TECH EM, INC.

TETRA TECH ES, INC.

THE ASIA FOUNDATION (TAF)

TMT-TURQUOISE MOUNTAIN TRUST

UN-HABITAT

UNITED NATIONS DEVELOPMENT PROGRAM (UNDP)

UNITED NATIONS OFFICE OF

PROJECT SERVICES (UNOPS)

UNITED STATES ARMY CORPS OF ENGINEERS

UNITED STATES INSTITUTE OF PEACE

UNIVERSITY OF CALIFORNIA (UC-DAVIS)

UNIVERSITY OF MASSACHUSETTS

VENCO IMTIAZ CONSTRUCTION

COMPANY (VICC)

WILDLIFE CONSERVATION SOCIETY

WORLD COUNCIL OF CREDIT UNIONS, INC.

WORLD HEALTH ORGANIZATION



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WE WILL PARTNER WITH THE AFGHAN PEOPLE FOR THE LONG TERM — TOWARD A FUTURE OF GREATER SECURITY, PROSPERITY, JUSTICE AND PROGRESS. AND I'M ABSOLUTELY CONVINCED WE WILL SUCCEED.

- U.S. PRESIDENT BARACK OBAMA MAY 19, 2011